

THE FTC SETTLEMENT WITH AMERIDEBT'S FOUNDER
Frequently Asked Questions
July 5, 2006

What was the Federal Trade Commission (FTC) case against AmeriDebt and related parties about?

The FTC sued AmeriDebt, Inc, DebtWorks, Inc., and Andris Pukke alleging that they engaged in deceptive practices in promoting and offering credit counseling and debt management plans (DMPs). The FTC alleged that the defendants deceived consumers about the fees for DMPs and misrepresented that AmeriDebt was a non-profit. The FTC also alleged that the defendants promised to teach consumers how to handle their credit and finances, but they did not do so.

Who are DebtWorks, Andris Pukke, and Pamela Pukke?

DebtWorks was the company that provided customer service and administration for the AmeriDebt DMPs. Andris Pukke founded AmeriDebt and owned DebtWorks. The FTC alleged that AmeriDebt, DebtWorks, and Andris Pukke were part of a common enterprise that deceived consumers about AmeriDebt's costs and services. Pamela Pukke was Andris Pukke's wife – the FTC alleged that she received money from the scheme and sued her to recover the money.

What are the terms of the settlement?

Andris Pukke is banned from the credit counseling and debt management business. He also must turn over virtually all of his assets to the court-appointed Receiver, up to \$35 million. These assets will be used for consumer redress in the FTC action and a related class action case. In addition, the IRS entered into a related settlement and will receive 30% of the funds. The FTC and the class action also obtained some funds from Pamela Pukke, which will be used for consumer redress. AmeriDebt is out of business – it filed for bankruptcy and sold all of its remaining debt management plans to Money Management, Inc.

How do I participate in the AmeriDebt settlement?

If you made a "voluntary contribution" or paid a fee to AmeriDebt, you will receive a partial refund automatically, so long as we have a valid address for you. If your address has changed since you last dealt with AmeriDebt, please call us at 877-862-0886 and provide your updated address. There are no claim forms to fill out. It may take a year or more before the Receiver is finished collecting Mr. Pukke's assets and we can distribute the money.

How will the settlement fund be distributed?

We will total the initial and monthly contributions you made, according to the company's records, and provide you with a pro rata share of the settlement fund based on the total contributions you made. Thus, the more you paid in contributions, the more you will receive.

How much money will I get from the fund?

We do not know yet. It will depend on how much you paid and how much the Receiver recovers.

When will I get my settlement payment?

We will provide the partial refunds after the Receiver has collected all of Andris Pukke's assets. Please be patient - it could be a year or more.

Who is the Receiver?

In 2005, the FTC asked the Court to appoint a professional firm to take control of Andris Pukke's assets because the FTC believed he was hiding and wasting millions of dollars he had received from DebtWorks. The Court granted the FTC's motion and appointed the firm Robb Evans & Associates to do that work. Robb Evans & Associates is court-supervised and is referred to as the "Receiver." For more information, please see www.robbevans.com/html/debtworks.html.

What if I got a class action notice about the settlement but my credit counseling agency? And what if my agency was not AmeriDebt?

The class action case, called *Polacsek, et al. v. Debticated Consumer Counseling, Inc., et al.*, addressed issues very similar to the FTC case, but it included customers of 10 credit counseling agencies serviced by DebtWorks in addition to AmeriDebt. These agencies are: Debticated Consumer Counseling, Inc., A Better Way Credit Counseling, Inc., Credicure, Inc., Mason Credit Counseling, Inc., Nexum Credit Counseling, Inc., Neway, Inc., The Credit Network, Inc., Visual Credit Counseling, Inc., Preactive, Inc., and Debtscape, Inc. Redress or class action recoveries for customers of all agencies will be calculated the same way. If you were a customer of one of the other agencies, the class settlement administrator will distribute your share of the class action recovery to you. If you were a customer of AmeriDebt, the FTC will distribute redress to you. AmeriDebt clients will not receive separate additional payments from the class action, because the FTC redress payments are the same as the class action recovery.

For more information, please see www.polacsekclass.com or contact:

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Who is Analytics, Inc.?

Analytics, Inc. is the FTC's Redress Program Administrator. They are administering the settlement for the FTC.

Where can I get additional information about the settlement?

The settlement agreements and court orders related to the settlement are available online at www.ftc.gov/ameridebt. Additional information about the Receiver's work is posted at www.robbevans.com/pdf/debtworksreport04.pdf.

How can I learn more about my consumer rights?

To get free information on consumer credit issues, visit the FTC online at <http://www.ftc.gov/bcp/online/edcams/credit/index.html>.